

between the protection of intellectual property rights and the need to expand our technologies.

As a representative of Hollywood, my district contains many movie and recording studios, which serve as the driving force behind our local economy and provide tens of thousands of jobs to many of my constituents. As Chair of the Congressional Entertainment Industries Caucus, one of my key concerns has been the continuing erosion of our Nation's copyright laws.

Let me share some shocking statistics. According to recent FBI data, U.S. producers of movies, music, computer games, and software lost \$23 billion in 2003 to illegal copying. In Operation Digital Gridlock, the first Federal law enforcement action against a peer-to-peer network, regulators seized the equivalent of 60,000 illegally distributed movies last August. It is clear to me that piracy of our creative products has reached an epidemic level, both domestically and internationally, creating a huge drain on our economy, job creation, and technological innovation. We are forced to resort to legal actions to help stem this tide of intellectual property theft.

That is why today's Supreme Court ruling was so important. In the unanimous opinion, the Justices held that "one who distributes a device with the object of promoting its use to infringe copyright is liable for the resulting acts of infringement by third parties using the device, regardless of the device's lawful uses." It is this unequivocal guidance from our Nation's highest court that I believe will help enhance the effective enforcement of our Nation's copyright laws and strengthen the public's respect for the value of intellectual property rights.

Of course, efforts to address privacy should not inhibit the continuing growth and development of our digital economy. New technologies should benefit not just the content distributors but the creative forces as well. But as the entertainment and technology sectors work together to utilize file-sharing networks to create new innovative and legal forms of content distribution, I hope today's decision will send a message to all pirates that winking and nodding at digital theft will not be tolerated any more than theft itself. I am confident that the lower courts will carefully apply this well-reasoned opinion in finding Grokster and other similar companies liable for activities that will induce their customers into illegal use of creative products.

#### GENERAL LEAVE

Ms. LINDA T. SÁNCHEZ of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject matter of my Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

#### INTELLECTUAL PROPERTY AND THE GROKSTER DECISION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. LINDA T. SÁNCHEZ) is recognized for 5 minutes.

Ms. LINDA T. SÁNCHEZ of California. Mr. Speaker, I rise to applaud the United States Supreme Court for their ruling today in the case of Metro-Goldwyn-Mayer Studios, Incorporated v. Grokster. By a unanimous ruling, 9-0 in favor of MGM, the Supreme Court sent a strong message today that our courts will protect the work of creative artists.

I represent the 39th Congressional District in California. My State, region, and district are home to the motion picture industry, the music industry, and software companies. Many of my constituents work in these creative industries, and I know from talking to them that piracy hits their companies hard and their pocketbooks harder.

Intellectual property is important to our economy as a whole, so copyright infringements also severely damage our national economy. In fact, according to the International Intellectual Property Alliance, in 2002, core copyright industries accounted for over 6 percent of the U.S. gross domestic product. That is over \$626 billion. When you look at all copyright industries, they accounted for approximately 12 percent of the U.S. gross domestic product, or \$1.25 trillion in 2002 alone.

Obviously, intellectual property is a vital part of our economy, and piracy robs our economy of billions of dollars from this important industry.

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Conservative estimates say that counterfeiting of U.S. businesses' copyrighted goods cost our economy between \$200-\$400 billion each year. When our economy suffers like that, America's workers suffer, too.

The "core" copyright industries alone were estimated to have employed 4 percent of U.S. workers in 2002, a total of 5.48 million workers. But piracy causes 750,000 American workers to lose their jobs each year.

This is where intellectual property laws come in and why the Supreme Court decision today in the Grokster is so important. The Court drew a line in the sand in the Grokster case and said that peer-to-peer file-sharing networks that encourage illegal file-sharing should not be shielded by our laws. The ruling protects the creative community but also allows the public to retain access to the benefits of peer-to-peer file-sharing technology.

Mr. Speaker, I love movies and music as much as any consumer, and I use computer software every single day. I am also a fan of the Internet, and I want consumers to be able to use technology to get their favorite music and movies conveniently.

But stealing is stealing. Swapping copyrighted files online is illegal, and just because it is easy doesn't make it right. We can have peer-to-peer networks that give every American access to the files they want online, and also provide creators with copyright protections.

As long as companies like Grokster are allowed to facilitate illegal file swapping, we will continue to lose hundreds of dollars and hundreds of thousands of U.S. jobs each year.

I am pleased that the Supreme Court took the first step today in Grokster towards ending illegal copyright infringement online, and protecting the industries that produce copyrighted works.

Mr. CONYERS. Mr. Speaker, today's ruling is a victory for content creators and consumers. It is clear that those who encourage content theft are responsible for their conduct even if they themselves are not stealing. With this ruling, creators will be encouraged to take advantage of the digital marketplace and provide consumers with even more digital content.

For years, consumers have been clamoring for access to digital content. Because content protection technology and content owners had not caught up with the Internet, music lovers turned to illegal download sites like Napster and Kazaa for digital content.

We had heard that, if the content industry would just create a legal avenue for obtaining digital music, consumers would embrace it. The premonition was largely true. The record industry and high-tech worked together to develop digital content protection, to clear the rights needed to get music online, and to get music on the Internet. According to the Pew Internet and American Life Project, the response to legitimate digital content has been overwhelming: in 2004, only twenty-four percent of music downloaders had tried legitimate download sites; in 2005 to date, the number jumped to forty-three percent.

Internet sites like Apple iTunes, Napster, and Rhapsody offer consumers a variety of ways of obtaining music, from one-time downloads to monthly subscriptions. In just the past few years, over 300 million songs were sold on just a single website. No matter how you view it, the marketplace is working.

Today's Supreme Court decision makes it clear that encouraging others to steal is as nefarious as stealing directly. I have no doubt that, with this added assurance, content creators will roll out even more digital content to consumers.

Mr. ENGEL. Mr. Speaker, I rise to join my Democratic colleagues in support of protecting our Nation's intellectual property. For decades the theft of music and movies has been commonplace. But, with the explosion of the Internet, the theft of copyright material has become a crisis.

Just today, the Supreme Court, in an unanimous decision, stepped forward and protected Intellectual Property. In MGM v Grokster, the Supreme Court struck a fine balance that must exist to ensure consumers' rights and protect music and video content. The Court clearly stated that "the record is replete with evidence that from the moment Grokster and Streamcast began to distribute free software, each one clearly voiced the objective that recipients use it to download copyrighted works,